

STATE OF LOUISIANA LEGISLATIVE AUDITOR

Louisiana Dairy Industry Promotion Board
Department of Agriculture and Forestry
State of Louisiana
Baton Rouge, Louisiana

August 20, 2003



Financial and Compliance Audit Division

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Albert J. Robinson, Jr., CPA

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LOUISIANA DAIRY INDUSTRY PROMOTION BOARD
DEPARTMENT OF AGRICULTURE AND FORESTRY
STATE OF LOUISIANA
Baton Rouge, Louisiana

Basic Financial Statements and
Independent Auditor's Reports
As of and for the Year Ended June 30, 2003
With Supplemental Financial Information

Under the provisions of state law, this report is a public document. A copy of this report has been submitted to the Governor, to the Attorney General, and to other public officials as required by state law. A copy of this report has been made available for public inspection at the Baton Rouge office of the Legislative Auditor.

August 20, 2003

**LOUISIANA DAIRY INDUSTRY PROMOTION BOARD
DEPARTMENT OF AGRICULTURE AND FORESTRY
STATE OF LOUISIANA**

Basic Financial Statements and
Independent Auditor's Reports
As of and for the Year Ended June 30, 2003
With Supplemental Financial Information

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OFFICE OF
LEGISLATIVE AUDITOR
STATE OF LOUISIANA
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August 6, 2003

Independent Auditor's Report
on the Financial Statements

LOUISIANA DAIRY INDUSTRY PROMOTION BOARD
DEPARTMENT OF AGRICULTURE AND FORESTRY
STATE OF LOUISIANA
Baton Rouge, Louisiana

We have audited the accompanying basic financial statements of the Louisiana Dairy Industry Promotion Board, a component unit of the State of Louisiana, as of and for the year ended June 30, 2003. These financial statements are the responsibility of management of the Louisiana Dairy Industry Promotion Board. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the Louisiana Dairy Industry Promotion Board as of June 30, 2003, and its changes in financial position and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 6, 2003, on our consideration of the Louisiana Dairy Industry Promotion Board's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, and contracts. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the Louisiana Dairy Industry Promotion Board's basic financial statements. The accompanying supplemental financial information listed in the table of contents is presented for the purpose of additional analysis and is not a required part of the basic financial statements of the Louisiana Dairy Industry Promotion Board. Such information has been subjected to the auditing procedures applied by us in the

LEGISLATIVE AUDITOR

**LOUISIANA DAIRY INDUSTRY PROMOTION BOARD
DEPARTMENT OF AGRICULTURE AND FORESTRY
STATE OF LOUISIANA**

Audit Report, June 30, 2003

audit of the basic financial statements and, in our opinion, based on our audit, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Management's discussion and analysis on pages 4 through 6 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted primarily of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Grover C. Austin". The signature is fluid and cursive, with a large, stylized initial "G".

Grover C. Austin, CPA,
First Assistant Legislative Auditor

BB:STD:THC:ss

[DAIRY03]

**LOUISIANA DAIRY INDUSTRY PROMOTION BOARD
DEPARTMENT OF AGRICULTURE AND FORESTRY
STATE OF LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS**

The management's discussion and analysis of the Louisiana Dairy Industry Promotion Board's financial performance presents a narrative overview and analysis of the board's financial activities for the year ended June 30, 2003. This document focuses on the current year's activities, resulting changes, and currently known facts in comparison with the prior year's information. Please read this information in conjunction with the board's basic financial statements, which begins on page 7.

FINANCIAL HIGHLIGHTS

- The board's assets exceeded its liabilities at the close of fiscal year 2003 by \$295,901 which represents a 10% decrease from last fiscal year. The net assets decreased by \$33,658.
- The board's operating revenue decreased by \$50,804 (or 9%) and the net results from activities increased by \$32,506 (or 50%).

OVERVIEW OF THE FINANCIAL STATEMENTS

These financial statements consist of three sections - *Management's Discussion and Analysis* (this section), the basic financial statements (including the notes to the financial statements), and supplementary information.

Basic Financial Statements

The basic financial statements present information for the board, as a whole, in a format designed to make the statements easier for the reader to understand. The statements in this section include the Statement of Net Assets; the Statement of Revenues, Expenses, and Changes in Fund Net Assets; and the Statement of Cash Flows.

The Statement of Net Assets (page 7) presents the current and long-term portions of assets and liabilities separately. However, the board does not have any long-term portions. The difference between total assets and total liabilities is net assets and may provide a useful indicator of whether the board's financial position is improving or deteriorating.

The Statement of Revenues, Expenses, and Changes in Fund Net Assets (page 8) presents information showing how the board's assets changed as a result of current year operations. Regardless of when cash is affected, all changes in net assets are reported when the underlying transactions occur. As a result, transactions are included that will not affect cash until future fiscal periods.

LOUISIANA DAIRY INDUSTRY PROMOTION BOARD
DEPARTMENT OF AGRICULTURE AND FORESTRY
STATE OF LOUISIANA
Management's Discussion and Analysis (Continued)

The Statement of Cash Flows (page 9) presents information showing how the board's cash changed as a result of current year operations. The cash flow statement is prepared using the direct method and includes the reconciliation of operating income (loss) to net cash provided (used) by operating activities (indirect method) as required by GASB 34.

FINANCIAL ANALYSIS OF THE BOARD

Statement of Net Assets

	Net Assets, As of	
	June 30, 2003	June 30, 2002
Current and other assets	\$350,801	\$378,320
Current liabilities	54,900	48,761
Total net assets - unrestricted	<u>\$295,901</u>	<u>\$329,559</u>

Statement of Revenues, Expenses,
and Changes in Fund Net Assets

	For the Year Ended	
	June 30, 2003	June 30, 2002
Operating revenues	\$517,707	\$568,511
Operating expenses	(562,956)	(648,426)
Operating income (loss)	(45,249)	(79,915)
Nonoperating revenues	11,591	13,751
Increase (decrease) in net assets	<u>(\$33,658)</u>	<u>(\$66,164)</u>

The board's total revenues decreased by \$52,964 (or 9%). The total cost of all programs and services decreased by \$85,470 (or 14%).

CAPITAL ASSET AND DEBT ADMINISTRATION

The board has no capital assets or debt at June 30, 2003.

**LOUISIANA DAIRY INDUSTRY PROMOTION BOARD
DEPARTMENT OF AGRICULTURE AND FORESTRY
STATE OF LOUISIANA**

Management's Discussion and Analysis (Concluded)

**CONTACTING THE LOUISIANA DAIRY INDUSTRY
PROMOTION BOARD'S FINANCIAL MANAGEMENT**

This financial report is designed to provide citizens, taxpayers, and customers with a general overview of the Louisiana Dairy Industry Promotion Board's finances and to show the board's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Linda R. Chaney, Louisiana Department of Agriculture and Forestry, Post Office Box 631, Baton Rouge, Louisiana 70821-0631.

LOUISIANA DAIRY INDUSTRY PROMOTION BOARD
DEPARTMENT OF AGRICULTURE AND FORESTRY
STATE OF LOUISIANA

Statement of Net Assets, June 30, 2003

ASSETS

Current assets:

Cash (note 2)	\$264,574
Receivables - assessments (note 3)	<u>86,227</u>

Total assets	<u>350,801</u>
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LIABILITIES - current accounts payable	<u>54,900</u>
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NET ASSETS - unrestricted	<u><u>\$295,901</u></u>
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The accompanying notes are an integral part of this statement.

**LOUISIANA DAIRY INDUSTRY PROMOTION BOARD
DEPARTMENT OF AGRICULTURE AND FORESTRY
STATE OF LOUISIANA**

**Statement of Revenues, Expenses, and
Changes in Fund Net Assets
For the Year Ended June 30, 2003**

Operating revenues - assessments	<u>\$517,707</u>
Operating expenses:	
Compensation - board member per diem	880
Travel	5,873
Operating services	349
Supplies	169
Professional services	2,250
Other charges:	
Advertising	253,487
Promotional activities and supplies	272,417
Administrative services (note 4)	27,531
Total operating expenses	<u>562,956</u>
Operating loss	<u>(45,249)</u>
Nonoperating revenues:	
Use of money and property	4,821
Miscellaneous	6,770
Total nonoperating revenues	<u>11,591</u>
Change in net assets	(33,658)
TOTAL NET ASSETS AT BEGINNING OF YEAR	<u>329,559</u>
TOTAL NET ASSETS AT END OF YEAR	<u><u>\$295,901</u></u>

The accompanying notes are an integral part of this financial statement.

**LOUISIANA DAIRY INDUSTRY PROMOTION BOARD
DEPARTMENT OF AGRICULTURE AND FORESTRY
STATE OF LOUISIANA**

**Statement of Cash Flows
For the Year Ended June 30, 2003**

Cash flows from operating activities:

Cash received from assessments	\$476,264	
Cash payments to suppliers for goods and services	<u>(556,817)</u>	
Net cash used by operating activities		(\$80,553)

Cash flows from noncapital and related financing activities -

Miscellaneous receipts		6,770
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Cash flows from investing activities -

Interest earned on investments	<u>4,821</u>	
--------------------------------	--------------	--

Net decrease in cash		(68,962)
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Cash at beginning of year	<u>333,536</u>	
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Cash at end of year	<u><u>\$264,574</u></u>	
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**Reconciliation of operating loss to
net cash used by operating activities:**

Operating loss		(\$45,249)
Changes in assets and liabilities:		
(Increase) in accounts receivable		(41,443)
Increase in accounts payable	<u>6,139</u>	

Net cash used by operating activities	<u><u>(\$80,553)</u></u>	
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The accompanying notes are an integral part of this financial statement.

**LOUISIANA DAIRY INDUSTRY PROMOTION BOARD
DEPARTMENT OF AGRICULTURE AND FORESTRY
STATE OF LOUISIANA**

Notes to the Financial Statements
As of and for the Year Ended June 30, 2003

INTRODUCTION

The Louisiana Dairy Industry Promotion Board is a component unit of the State of Louisiana created within the Louisiana Department of Agriculture and Forestry, as provided by Louisiana Revised Statute (R.S.) 3:557.1-12. The board consists of nine members, eight of whom are appointed by the Commissioner of Agriculture and Forestry. These eight members represent three geographical areas of the state and are selected by the commissioner from a slate of candidates proposed by the Louisiana Farm Bureau Federation and by dairy cooperatives having a membership of at least 25 producers. The ninth member is the Commissioner of Agriculture and Forestry who serves as ex-officio with all rights, duties, and privileges of the other members. Eight alternates are appointed by the Commissioner of Agriculture and Forestry who serve in the absence of the appointed members. All board members and alternates serve terms concurrent with the commissioner and receive \$40 per diem for attending board meetings and other official business of the board.

The board is charged with the responsibility of promoting knowledge of the health giving qualities and dietary values of milk and other dairy products and effectively promoting the consumption of Louisiana milk and other Louisiana dairy products to assure a sufficient quantity of such products for Louisiana consumers. The board is engaged in dairy product promotion and nutrition education through various advertising and promotion programs, school nutrition education programs, school food service programs, and retail marketing programs. The board does not use a brand name or trade name in its advertising and promotion programs nor does it use funds for the purpose of influencing governmental policy or actions.

Operations of the board are funded entirely with self-generated revenues, financed by dairy producers from assessments collected from processors who buy milk directly from producers or through cooperative associations. The board has no employees. Personnel of the Louisiana Department of Agriculture and Forestry perform all collection and administrative functions of the board. The board reimburses the department for these services.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. BASIS OF PRESENTATION

The accompanying financial statements have been prepared on the full accrual basis in accordance with accounting principles generally accepted in the United States of America as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting principles and reporting standards. These principles are found in the *Codification of Governmental Accounting and Financial Reporting Standards*, published by the GASB. The board applies all GASB pronouncements as well as Financial Accounting Standards Board (FASB) statements and interpretations issued on or before

LOUISIANA DAIRY INDUSTRY PROMOTION BOARD
DEPARTMENT OF AGRICULTURE AND FORESTRY
STATE OF LOUISIANA

Notes to the Financial Statements (Continued)

November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements.

B. REPORTING ENTITY

GASB Codification Section 2100 establishes criteria for determining the governmental reporting entity and has defined the governmental reporting entity to be the State of Louisiana. The board is considered to be a component unit of the State of Louisiana because the state exercises oversight responsibility in that the commissioner appoints the board members and can impose his will on the board. The accompanying financial statements present only the activity of the Louisiana Dairy Industry Promotion Board. Annually, the State of Louisiana issues basic financial statements that include the activity contained in the accompanying financial statements.

C. FUND ACCOUNTING

All activities of the board are accounted for within a single proprietary (enterprise) fund. Proprietary funds are used to account for operations that are (a) financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the cost of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

D. BASIS OF ACCOUNTING

Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statement. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied. The transactions of the board are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operations are included on the Statement of Net Assets.

Revenues are recognized in the accounting period when they are earned and expenses are recognized when the related liability is incurred.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and/or producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. The principal operating revenue of the board derives from assessments on Louisiana dairy producers. Since 1983, the Louisiana dairy producers have funded the Louisiana dairy industry advertising program with a 10-

LOUISIANA DAIRY INDUSTRY PROMOTION BOARD
DEPARTMENT OF AGRICULTURE AND FORESTRY
STATE OF LOUISIANA
Notes to the Financial Statements (Continued)

cent assessment rate per hundredweight on all milk solids, milk fats, or fluid milk components sold.

E. BUDGET PRACTICES

The board adopted an annual budget that was submitted to the Department of Agriculture and Forestry for the 2002-2003 fiscal year on June 11, 2002. The annual budget is prepared on the modified accrual basis of accounting. The budget is adopted on an object basis. The board does not recognize or record encumbrances as part of its budgetary practices. Formal budgetary integration is employed as a management control device during the year. The board is not required to present a budgetary comparison schedule.

F. CASH

Cash includes interest-bearing demand deposits. Under state law, the board may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the Union, or the laws of the United States.

G. CAPITAL ASSETS AND LONG-TERM OBLIGATIONS

The board has no capital assets or long-term obligations at June 30, 2003.

**H. COMPENSATED ABSENCES, PENSION
BENEFITS, AND POSTRETIREMENT
HEALTH CARE AND LIFE INSURANCE
BENEFITS**

The board has no full-time employees. The board pays a portion of the salary of an employee of the Department of Agriculture and Forestry for administrative services. Therefore, no compensated absences, pension benefits, or postretirement benefits are provided by the board.

I. NET ASSETS

Net assets comprise the various net earnings from operation, nonoperating revenues, expenses and contributions of capital. Net assets generally are classified in the following components:

Invested in capital assets, net of related debt - consists of all capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds or other borrowings that are attributable to the acquisition, construction or improvement of those assets.

**LOUISIANA DAIRY INDUSTRY PROMOTION BOARD
DEPARTMENT OF AGRICULTURE AND FORESTRY
STATE OF LOUISIANA**

Notes to the Financial Statements (Concluded)

Restricted - consists of external constraints placed on net asset use by creditors, grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

Unrestricted - consists of all other net assets that are not included in the other categories previously mentioned.

J. ESTIMATES

The preparation of financial statements requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

2. CASH

At June 30, 2003, the board has cash in demand accounts (book balances) totaling \$264,574. These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. At June 30, 2003, the board has \$270,476 in deposits (collected bank balances). These deposits are secured from risk by \$100,000 of federal deposit insurance (GASB Risk Category 1) and \$170,476 of pledged securities held in joint custody at the Federal Reserve Bank (GASB Risk Category 1).

3. RECEIVABLES

At June 30, 2003, the board has receivable balances for dairy assessments totaling \$86,227. The board has not established an allowance for doubtful accounts.

4. ADMINISTRATIVE SERVICES

As shown on Statement B, the board incurred administrative services totaling \$27,531 in payments to the Department of Agriculture and Forestry for the year ended June 30, 2003. These payments included \$15,531 pursuant to R.S. 3:557.7(B) for administering and collecting assessments on the sale of milk and milk products and \$12,000 for part-time staff as authorized by the board.

**LOUISIANA DAIRY INDUSTRY PROMOTION BOARD
DEPARTMENT OF AGRICULTURE AND FORESTRY
STATE OF LOUISIANA
OTHER SUPPLEMENTAL INFORMATION
As of and for the Year Ended June 30, 2003**

PER DIEM PAID BOARD MEMBERS

The schedule of per diem paid board members was prepared in compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Louisiana Legislature.

Per diem payments are authorized by Louisiana Revised Statute 3:557.4. Board members are paid \$40 per day for each day spent in actual attendance of meetings of the board or meetings of duly appointed committees or subcommittees.

**ANNUAL FISCAL REPORT TO THE OFFICE OF THE GOVERNOR,
DIVISION OF ADMINISTRATION,
OFFICE OF STATEWIDE REPORTING AND ACCOUNTING POLICY**

The annual fiscal report presents the financial position of the Louisiana Dairy Industry Promotion Board as of June 30, 2003, and the results of its operations for the year then ended. This report contains information in the format requested by the Office of Statewide Reporting and Accounting Policy for consolidation into the Louisiana Comprehensive Annual Financial Report.

**LOUISIANA DAIRY INDUSTRY PROMOTION BOARD
DEPARTMENT OF AGRICULTURE AND FORESTRY
STATE OF LOUISIANA**

**Schedule of Per Diem Paid Board Members
For the Year Ended June 30, 2003**

	<u>NUMBER</u>	<u>AMOUNT</u>
Lanny Connerly	3	\$120
Roy Ingraffia	2	80
Ed Joiner	1	40
Daniel Lyons	1	40
Bryan Mitchell	3	120
Eugene Robertson	3	120
James Rogers	6	240
Jerry Simpson	3	<u>120</u>
Total		<u><u>\$880</u></u>

DAIRY INDUSTRY PROMOTION BOARD

(Agency Name)
STATE OF LOUISIANA
Annual Financial Statements
June 30, 20 03

C O N T E N T S

TRANSMITTAL LETTER
AFFIDAVIT

Statements

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Statement of Activities	C
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5	Schedules of Current Year Revenue and Expenses – Budgetary Comparison of Current Appropriation – Non GAAP Basis
15	Schedule of Comparison Figures

STATE OF LOUISIANA
Annual Financial Statements
Fiscal Year Ending June 30, 20 03

DAIRY INDUSTRY PROMOTION BOARD
(Agency Name)

Division of Administration
Office of Statewide Reporting
and Accounting Policy
P. O. Box 94095
Baton Rouge, Louisiana 70804-9095

Legislative Auditor
P. O. Box 94397
Baton Rouge, Louisiana 70804-9397

AFFIDAVIT

Personally came and appeared before the undersigned authority, Skip Rhorer (Name) Assistant
Commissioner of Management & Finance (Title) of Department of Agriculture & Forestry
(Agency) who duly sworn, deposes and says, that the financial statements herewith given
present fairly the financial position of Dairy Industry Promotion Board (Agency) at June 30,
2003, and the results of operations for the year then ended in accordance with policies and
practices established by the Division of Administration or in accordance with Generally
Accepted Accounting Principles as prescribed by the Governmental Accounting Standards
Board. Sworn and subscribed before me, this 11th day of July, 20 03.



Signature of Agency Official



NOTARY PUBLIC

Prepared by: Linda R. Chaney
Title: Fiscal Director
Telephone No.: 225 952 8165
Date: _____

STATE OF LOUISIANA
LOUISIANA DAIRY INDUSTRY PROMOTION BOARD

Notes to the Financial Statement

As of and for the year ended June 30, 2003

The Management's Discussion and Analysis of the Louisiana Dairy Industry Promotion Board's (BTA) financial performance presents a narrative overview and analysis of board's (BTA) financial activities for the year ended June 30, 2003. This document focuses on the current year's activities, resulting changes, and currently known facts in comparison with the prior year's information. Please read this document in conjunction with the additional information contained in the transmittal letter presented on pages ____ - ____ and the board's (BTA) financial statements, which begin on page ____.

FINANCIAL HIGHLIGHTS

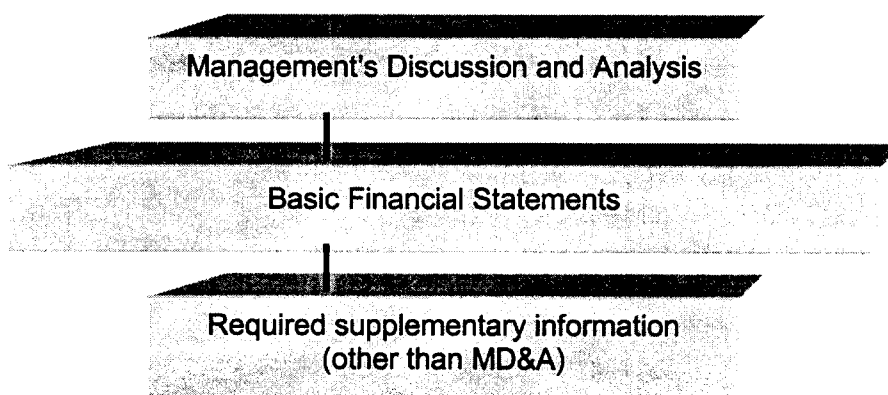
★ The board's (BTA) assets exceeded its liabilities at the close of fiscal year 2003 by 295,901, which represents a 10 % ~~increase~~ decrease from last fiscal year. The net assets ~~increased~~ decreased by \$ 33,658 (or 10 %).

★ The board's (BTA) operating revenue ~~increased~~ decreased \$ 50,804 (or 9 %) and the net results from activities increased ~~decreased~~ by \$ 32,505 (or 50 %).

★
★
★
★

OVERVIEW OF THE FINANCIAL STATEMENTS

The following graphic illustrates the minimum requirements for Special Purpose Governments Engaged in Business-Type Activities established by Governmental Accounting Standards Board Statement 34, Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments.



These financial statements consist of three sections - Management's Discussion and Analysis (this section), the basic financial statements (including the notes to the financial statements), and required supplementary information.

STATE OF LOUISIANA
LOUISIANA DAIRY INDUSTRY PROMOTION BOARD
Notes to the Financial Statement
As of and for the year ended June 30, 20 03

Basic Financial Statements

The basic financial statements present information for the board (BTA) as a whole, in a format designed to make the statements easier for the reader to understand. The statements in this section include the Statement of Net Assets; the Statement of Revenues, Expenses, and Changes in Fund Net Assets; and the Statement of Cash Flows.

The Statement of Net Assets (pages -) presents the current and long-term portions of assets and liabilities separately. The difference between total assets and total liabilities is net assets and may provide a useful indicator of whether the financial position of the board (BTA) is improving or deteriorating.

The Statement of Revenues, Expenses, and Changes in Fund Net Assets (pages -) presents information showing how board's (BTA) assets changed as a result of current year operations. Regardless of when cash is affected, all changes in net assets are reported when the underlying transactions occur. As a result, there are transactions included that will not affect cash until future fiscal periods.

The Cash Flow Statement (pages -) presents information showing how board's (BTA) cash changed as a result of current year operations. The cash flow statement is prepared using the direct method and includes the reconciliation of operating income (loss) to net cash provided (used) by operating activities (indirect method) as required by GASB 34.

STATE OF LOUISIANA
LOUISIANA DAIRY INDUSTRY PROMOTION BOARD
Notes to the Financial Statement
As of and for the year ended June 30, 2003

FINANCIAL ANALYSIS OF THE ENTITY

Statement of Net Assets
as of June 30, 2003
(in thousands)

	Total	
	2003	2002
Current and other assets	\$ 350,801	\$ 378,320
Capital assets		
Total assets	<u>350,801</u>	<u>378,320</u>
Other liabilities	<u>(54,900)</u>	<u>(48,761)</u>
Long-term debt outstanding		
Total liabilities	<u>(54,900)</u>	<u>(48,761)</u>
Net assets:		
Invested in capital assets, net of debt		
Restricted		
Unrestricted	<u>295,901</u>	<u>329,559</u>
Total net assets	<u>\$ 295,901</u>	<u>\$ 329,559</u>

Restricted net assets represent those assets that are not available for spending as a result of legislative requirements, donor agreements, grant requirements. Conversely, unrestricted net assets are those that do not have any limitations on what these amounts may be used for.

Net assets of board's (BTA) decreased by \$ 33,658, or 10 %, from June 30, 2002, to June 30, 2003. One of the major causes of this decrease is the inclusion of infrastructure assets. This class of asset, which includes roads, bridges, and levees, was not included in general fixed assets of N/A (BTA) under the basis of accounting prior to adoption of GASB Statement 34. Other causes include _____.

STATE OF LOUISIANA
LOUISIANA DAIRY INDUSTRY PROMOTION BOARD

Notes to the Financial Statement

As of and for the year ended June 30, 2003

Statement of Revenues, Expenses, and Changes in Fund Net Assets
for the years ended June 30, 2003
(in thousands)

	Total	
	2003	2002
Operating revenues	\$ 517,707	\$ 568,511
Operating expenses	<u>562,956</u>	<u>648,426</u>
Operating income(loss)	<u>(45,249)</u>	<u>(79,915)</u>
Non-operating revenues(expenses)	<u>11,591</u>	<u>13,751</u>
Income(loss) before transfers	<u>(33,658)</u>	<u>(66,164)</u>
Transfers in		
Transfers out		
Net increase(decrease) in net assets	\$ <u>(33,658)</u>	\$ <u>(66,164)</u>

The board's (BTA) total revenues ~~increased~~ decreased by \$ 52,964 or (9 %). The total cost of all programs and services decreased ~~increased~~ by \$ 85,470 or less than 14 %.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The board had no capital assets or debt at June 30, 2003.

VARIATIONS BETWEEN ORIGINAL AND FINAL BUDGETS

Revenues were approximately \$ _____ million over/under budget and expenditures were more than/less than budget due in part to _____.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The board's (BTA) elected and appointed officials considered the following factors and indicators when setting next year's budget, rates, and fees. These factors and indicators include:

- _____
- _____

STATE OF LOUISIANA
LOUISIANA DAIRY INDUSTRY PROMOTION BOARD

Notes to the Financial Statement

As of and for the year ended June 30, 2003

The board (BTA) expects that next year's results will improve based on the following:

- _____
- _____

CONTACTING THE BOARD 'S (BTA) MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the board 's (BTA) finances and to show the board 's (BTA) accountability for the money it receives. If you have questions about this report or need additional financial information, contact Linda R. Chaney.

STATE OF LOUISIANA
DAIRY INDUSTRY PROMOTION BOARD (BTA)
BALANCE SHEET
AS OF June 30 , 20 03

ASSETS

CURRENT ASSETS:

Cash and cash equivalents (Note C1)	\$ 264,574
Investments (Note C2)	
Receivables (net of allowance for doubtful accounts)(Note U)	86,227
Due from other funds (Note Y)	
Due from federal government	
Inventories	
Prepayments	
Notes receivable	
Restricted assets (Note F):	
Cash	
Investments	
Receivables	
Other current assets	
Total current assets	350,801

NONCURRENT ASSETS:

Restricted assets (Note F):	
Cash	
Investments	
Receivables	
Notes receivable	
Capital assets (net of depreciation)(Note D)	
Land	
Buildings and improvements	
Machinery and equipment	
Infrastructure	
Construction in progress	
Other noncurrent assets	
Total noncurrent assets	0
Total assets	\$ 350,801

LIABILITIES

CURRENT LIABILITIES:

Accounts payable and accruals (Note V)	\$ 54,900
Due to other funds (Note Y)	
Due to federal government	
Deferred revenues	
Amounts held in custody for others	
Other current liabilities	
Current portion of long-term liabilities:	
Contracts payable	
Reimbursement contracts payable	
Compensated absences payable (Note K)	
Capital lease obligations - (Note J)	
Notes payable	
Liabilities payable from restricted assets (Note Z)	
Bonds payable	
Other long-term liabilities	
Total current liabilities	54,900

NON-CURRENT LIABILITIES:

Contracts payable	
Reimbursement contracts payable	
Compensated absences payable (Note K)	
Capital lease obligations (Note J)	
Notes payable	
Liabilities payable from restricted assets (Note Z)	
Bonds payable	
Other long-term liabilities	
Total long-term liabilities	0
Total liabilities	54,900

NET ASSETS

Invested in capital assets, net of related debt	
Restricted for:	
Capital projects	
Debt service	
Unemployment compensation	
Other specific purposes	
Unrestricted	295,901
Total net assets	295,901
Total liabilities and net assets	\$ 350,801

The accompanying notes are an integral part of this financial statement.

STATE OF LOUISIANA
DAIRY INDUSTRY PROMOTION BOARD (BTA)
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED June 30, 20 03

OPERATING REVENUES	
Sales of commodities and services	\$ <u>517,707</u>
Assessments	<u> </u>
Use of money and property	<u> </u>
Licenses, permits, and fees	<u> </u>
Other	<u> </u>
Total operating revenues	<u>517,707</u>
OPERATING EXPENSES	
Cost of sales and services	<u>535,426</u>
Administrative	<u>27,531</u>
Depreciation	<u> </u>
Amortization	<u> </u>
Total operating expenses	<u>562,957</u>
Operating income(loss)	<u>(45,250)</u>
NON-OPERATING REVENUES(EXPENSES)	
State appropriations	<u> </u>
Intergovernmental revenues (expenses)	<u> </u>
Taxes	<u> </u>
Use of money and property	<u>4,821</u>
Gain (loss) on disposal of fixed assets	<u> </u>
Federal grants	<u> </u>
Interest expense	<u> </u>
Other	<u>6,770</u>
Total non-operating revenues(expenses)	<u>11,591</u>
Income(loss) before contributions and transfers	<u>(33,659)</u>
Capital contributions	<u> </u>
Transfers in	<u> </u>
Transfers out	<u> </u>
Change in net assets	<u>(33,659)</u>
Total net assets – beginning as restated	<u>329,560</u>
Total net assets – ending	\$ <u><u>295,901</u></u>

The accompanying notes are an integral part of this financial statement.

STATE OF LOUISIANA
DAIRY INDUSTRY PROMOTION BOARD (BTA)
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED June 30 , 20 03

	Program Revenues			Net (Expense)
		Operating	Capital	Revenue and
		Grants and	Grants and	Changes in
<u>Expenses</u>	<u>Charges for</u>	<u>Contributions</u>	<u>Contributions</u>	<u>Net Assets</u>
	<u>Services</u>			
Component Unit:				
Dairy Industry Promotion Board				
	\$ <u>562,957</u>	\$ <u>NONE</u>	\$ <u>NONE</u>	\$ <u>(562,957)</u>
General revenues:				
Taxes				<u>517,707</u>
State appropriations				<u></u>
Grants and contributions not restricted to specific programs				<u></u>
Interest				<u>4,821</u>
Miscellaneous				<u>6,770</u>
Special items				<u></u>
Transfers				<u></u>
Total general revenues, special items, and transfers				<u>529,298</u>
Change in net assets				<u>(33,659)</u>
Net assets - beginning				<u>329,560</u>
Net assets - ending				<u>\$ 295,901</u>

The accompanying notes are an integral part of this financial statement.

STATE OF LOUISIANA
DAIRY INDUSTRY PROMOTION BOARD (BTA)
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED June 30, 2003

Cash flows from operating activities

Cash received from customers	\$ 476,264	
Cash payments to suppliers for goods and services	(556,817)	
Cash payments to employees for services		
Payments in lieu of taxes		
Internal activity-payments to other funds		
Claims paid to outsiders		
Other operating revenues(expenses)		
Net cash provided(used) by operating activities		<u>(80,553)</u>

Cash flows from non-capital financing activities

State appropriations		
Proceeds from sale of bonds		
Principal paid on bonds		
Interest paid on bond maturities		
Proceeds from issuance of notes payable		
Principal paid on notes payable		
Interest paid on notes payable		
Operating grants received		
Other	6,770	
Transfers in		
Transfers out		
Net cash provided(used) by non-capital financing activities		<u>6,770</u>

Cash flows from capital and related financing activities

Proceeds from sale of bonds		
Principal paid on bonds		
Interest paid on bond maturities		
Proceeds from issuance of notes payable		
Principal paid on notes payable		
Interest paid on notes payable		
Acquisition/construction of capital assets		
Proceeds from sale of capital assets		
Capital contributions		
Other		
Net cash provided(used) by capital and related financing activities		<u>0</u>

Cash flows from investing activities

Purchases of investment securities		
Proceeds from sale of investment securities		
Interest and dividends earned on investment securities	4,821	
Net cash provided(used) by investing activities		<u>4,821</u>

Net increase(decrease) in cash and cash equivalents (68,962)

Cash and cash equivalents at beginning of year 333,536

Cash and cash equivalents at end of year \$ 264,574

(Continued)

The accompanying notes are an integral part of this statement.

STATE OF LOUISIANA
DAIRY INDUSTRY PROMOTION BOARD (BTA)
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED June 30 , 20 03

Reconciliation of operating income(loss) to net cash provided(used) by operating activities:

Operating income(loss)		\$ <u>(45,250)</u>
Adjustments to reconcile operating income(loss) to net cash provided by operating activities:		
Depreciation/amortization		
Provision for uncollectible accounts		
Changes in assets and liabilities:		
(Increase)decrease in accounts receivable		<u>(41,443)</u>
(Increase)decrease in due from other funds		
(Increase)decrease in prepayments		
(Increase)decrease in inventories		
(Increase)decrease in other assets		
Increase(decrease) in accounts payable accruals		<u>6,140</u>
Increase(decrease) in accrued payroll and related benefits		
Increase(decrease) in compensated absences payable		
Increase(decrease) in due to other funds		
Increase(decrease) in deferred revenues		
Increase(decrease) in other liabilities		
Net cash provided(used) by operating activities		\$ <u><u>(80,553)</u></u>

Schedule of noncash investing, capital, and financing activities:

Borrowing under capital lease	
Contributions of fixed assets	
Purchases of equipment on account	
Asset trade-ins	
Other (specify)	
Total noncash investing, capital, and financing activities:	<u><u>NONE</u></u>

(Concluded)

The accompanying notes are an integral part of this statement.

STATE OF LOUISIANA
DAIRY INDUSTRY PROMOTION BOARD (BTA)
Notes to the Financial Statement
As of and for the year ended June 30, 20 03

INTRODUCTION

The Dairy Industry Promotion Board (BTA) was created by the Louisiana State Legislature under the provisions of Louisiana Revised Statute 3:557.1-12. The following is a brief description of the operations of the board (BTA) which includes the parish/parishes in which the (BTA) is located:

The Louisiana Dairy Industry Promotion Board is a component unit of the State of Louisiana created within the Louisiana Department of Agriculture and Forestry, as provided by Louisiana Revised Statute 3:557.1-12. The board consists of nine members, eight of whom are appointed by the Commissioner of Agriculture and Forestry. These eight members represent three geographical areas of the state and are selected by the commissioner from a slate of candidates proposed by the Louisiana Farm Bureau Federation and by dairy cooperatives having a membership of at least 25 producers. The ninth member is the Commissioner of Agriculture and Forestry who serves as ex-officio with all rights, duties, and privileges of the other members. Eight alternates are appointed by the Commissioner of Agriculture and Forestry who serve in the absence of the appointed members. All board members and alternates serve terms concurrent with the commissioner and receive \$40 per diem for attending board meetings and other official business of the board.

The board is charged with the responsibility of promoting knowledge of the health giving qualities and dietary values of milk and other dairy products and effectively promoting the consumption of Louisiana milk and other Louisiana dairy products to assure a sufficient quantity of such products for Louisiana consumers. The board is engaged in dairy product promotion and nutrition education through various advertising and promotion programs, school nutrition education programs, school food service programs, and retail marketing programs. The board does not use a brand name or trade name in its advertising and promotion programs nor does it use funds for the purpose of influencing governmental policy or actions.

Operations of the board are funded entirely with self-generated revenues, financed by dairy producers from assessments collected from processors who buy milk directly from producers or through cooperative associations. The board has no employees. Personnel of the Louisiana Department of Agriculture and Forestry perform all collection and administrative functions of the board. The board reimburses the department for these services.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. BASIS OF ACCOUNTING

In April of 1984, the Financial Accounting Foundation established the Governmental Accounting Standards Board (GASB) to promulgate generally accepted accounting principles and reporting standards with respect to activities and transactions of state and local governmental entities. The GASB has issued a Codification of Governmental Accounting and Financial Reporting Standards (GASB Codification). This codification and subsequent GASB pronouncements are recognized as generally accepted accounting principles for state and local governments. The accompanying financial statements have been prepared in accordance with such principles.

The accompanying financial statements of the Dairy Industry Promotion Board present information only as to the transactions of the programs of the board as authorized by Louisiana statutes and administrative regulations. Basis of accounting refers to when revenues and expenses are recognized and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

STATE OF LOUISIANA
DAIRY INDUSTRY PROMOTION BOARD (BTA)
Notes to the Financial Statement
As of and for the year ended June 30, 20 03

The accounts of the board are maintained in accordance with applicable statutory provisions and the regulations of the Division of Administration – Office of Statewide Reporting and Accounting Policy as follows:

Revenue Recognition

Revenues are recognized using the full accrual basis of accounting; therefore, revenues are recognized in the accounting period in which they are earned and become measurable.

Expense Recognition

Expenses are recognized on the accrual basis; therefore, expenses, including salaries, are recognized in the period incurred, if measurable.

B. BUDGETARY ACCOUNTING

The appropriations made for the operations of the various programs of the board (BTA) are annual lapsing appropriations.

1. The budgetary process is an annual appropriation valid for one year.
2. The agency is prohibited by statute from over expending the categories established in the budget.
3. Budget revisions are granted by the Joint Legislative Budget Committee, a committee of the Louisiana Legislature. Interim emergency appropriations may be granted by the Interim Emergency Board.
4. The budgetary information included in the financial statements include the original appropriation plus subsequent amendments as follows:

SELF GENERATED APPROPRIATIONS

Original approved budget	\$ <u>585,600</u>
Amendments:	<u> </u>
	<u> </u>
	<u> </u>
Final approved budget	\$ <u><u>585,600</u></u>

C. DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS (If all agency cash and investments are deposited in the State Treasury, disregard Note C.)

1. DEPOSITS WITH FINANCIAL INSTITUTIONS

For reporting purposes, deposits with financial institutions include savings, demand deposits, time deposits, and certificates of deposit. Under state law the board (BTA) may deposit funds within a fiscal agent bank selected and designated by the Interim Emergency Board. Further, the (BTA) may invest in time certificates of deposit of state banks organized under the laws of Louisiana,

STATE OF LOUISIANA
DAIRY INDUSTRY PROMOTION BOARD (BTA)

Notes to the Financial Statement

As of and for the year ended June 30, 2003

national banks having their principal office in the state of Louisiana, in savings accounts or shares of savings and loan associations and savings banks and in share accounts and share certificate accounts of federally or state chartered credit unions.

For the purpose of the Statement of Cash Flows, all highly liquid investments (including restricted assets with a maturity of three months or less when purchased) are considered to be cash equivalents.

Deposits in bank accounts are stated at cost, which approximates market. Under state law these deposits must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These pledged securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank in the form of safekeeping receipts held by the State Treasurer. The deposits at June 30, 2003, were secured as follows:

	Deposits in bank accounts			
	<u>Cash</u>	<u>Certificates of Deposit</u>	<u>Other (Describe)</u>	<u>Total</u>
Deposits in bank accounts per balance sheet	\$ <u>264,574</u>	\$ <u> </u>	\$ <u> </u>	\$ <u>264,574</u>
Bank balances:				
1. Insured or collateralized with securities held by the entity or its agency <u>in the entity's name</u>	<u>264,574</u>	<u> </u>	<u> </u>	<u>264,574</u>
2. Collateralized with securities held by the pledging institution's trust department or agent <u>in the entity's name</u>	<u> </u>	<u> </u>	<u> </u>	<u>0</u>
3. Uncollateralized, including any securities held for the entity <u>but not in the entity's name</u>	<u> </u>	<u> </u>	<u> </u>	<u>0</u>
Total bank balances	\$ <u>264,574</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>264,574</u>

NOTE: The "Total Bank Balances" will not necessarily equal the "Deposits in Bank Account per Balance Sheet".

The following is a breakdown by banking institution, program, account number, and amount of the balances shown above:

<u>Banking institution</u>	<u>Program</u>	<u>Amount</u>
1. <u>Bank One</u>	<u>Checking</u>	\$ <u>2,971</u>
2. <u>Hibernia National Bank</u>	<u>Savings</u>	<u>261,603</u>
3. <u> </u>	<u> </u>	<u> </u>
4. <u> </u>	<u> </u>	<u> </u>
Total		\$ <u>264,574</u>

STATE OF LOUISIANA
DAIRY INDUSTRY PROMOTION BOARD (BTA)
Notes to the Financial Statement
As of and for the year ended June 30, 20 03

Were uncollateralized securities fitting the description in (3) above during the year significantly greater than at _____ (last day of your fiscal year)? If yes, attach a statement listing the amount(s) and a reason for this occurrence.

Cash in State Treasury and petty cash are not required to be reported in the note disclosure. However, to aid in reconciling amounts reported on the balance sheet to amounts reported in this note, list below any cash in treasury and petty cash that are included in the balance sheet.

Cash in State Treasury	\$ <u>N/A</u>
Petty cash	\$ <u>N/A</u>

2. INVESTMENTS

The board has no investments at June 30, 2003.

D. CAPITAL ASSETS

The board has no capital assets at June 30, 2003.

E. INVENTORIES

The board has no inventory at June 30, 2003.

F. RESTRICTED ASSETS

The board has no restricted assets at June 30, 2003.

G. LEAVE

The board has no employees at June 30, 2003.

H. RETIREMENT SYSTEM

The board has no employees at June 30, 2003.

I. POST RETIREMENT HEALTH CARE AND LIFE INSURANCE BENEFITS

The board has no employees at June 30, 2003.

J. LEASES

The board has no leases at June 30, 2003.

K. LONG-TERM LIABILITIES

The board has no long-term liabilities at June 30, 2003.

STATE OF LOUISIANA
DAIRY INDUSTRY PROMOTION BOARD (BTA)
Notes to the Financial Statement
As of and for the year ended June 30, 2003

L. LITIGATION

The board has no litigation at June 30, 2003.

M. RELATED PARTY TRANSACTIONS

The board has no related party transactions at June 30, 2003.

N. ACCOUNTING CHANGES

The board made no accounting changes during this fiscal year ended June 30, 2003.

O. IN-KIND CONTRIBUTIONS

The board had no in-kind contributions at June 30, 2003.

P. DEFEASED ISSUES

The board has no defeased issues at June 30, 2003.

Q. COOPERATIVE ENDEAVORS

The board has no cooperative endeavors at June 30, 2003.

R. GOVERNMENT-MANDATED NONEXCHANGE TRANSACTIONS (GRANTS)

The board has no government-mandated nonexchange transactions (grants) at June 30, 2003.

S. VIOLATIONS OF FINANCE-RELATED LEGAL OR CONTRACTUAL PROVISIONS

The board has no violations of finance-related legal or contractual provisions at June 30, 2003.

T. SHORT-TERM DEBT

The board had no short-term debt at June 30, 2003.

U. DISAGGREGATION OF RECEIVABLE BALANCES

Receivables at June 30, 2003, were as follows:

STATE OF LOUISIANA
DAIRY INDUSTRY PROMOTION BOARD (BTA)
Notes to the Financial Statement
As of and for the year ended June 30, 20_03

Activity	Customer Receivables	Taxes	Receivables from other Governments	Other Receivables	Total Receivables
Promotion	\$	\$ 86,227	\$	\$	\$ 86,227
					0
Gross receivables	\$ 0	\$ 86,227	\$ 0	\$ 0	\$ 86,227
Less allowance for uncollectible accounts	0	0	0	0	0
Receivables, net	\$ 0	\$ 86,227	\$ 0	\$ 0	\$ 86,227
Amounts not scheduled for collection during the subsequent year	\$	\$	\$	\$	\$ 0

V. DISAGGREGATION OF PAYABLE BALANCES

Payables at June 30, 20_03, were as follows:

Activity	Vendors	Salaries and Benefits	Accrued Interest	Other Payables	Total Payables
Promotion	\$ 54,500	\$ 400	\$ NONE	\$ NONE	\$ 54,900

W. SUBSEQUENT EVENTS

The board has no subsequent events at June 30, 2003.

X. SEGMENT INFORMATION

Governments that report enterprise funds or that use enterprise fund accounting and reporting standards to report their activities are required to present segment information for those activities in the notes to the financial statements. For the purposes of this disclosure, a segment is an identifiable activity (or group of activities), reported as or within an enterprise fund or an other stand-alone entity that has one or more bonds or other debt instruments outstanding, with a revenue stream pledged in support of that debt. In addition, the activity's revenues, expenses, gains and losses, assets, and liabilities are required to be accounted for separately. This requirement for separate accounting applies if imposed by an external party, such as accounting and reporting requirements set forth in bond indentures. Disclosure requirements for each segment should be met by identifying the types of goods and services provided and by presenting condensed financial statements in the notes, including the elements in A through C below (GASB 34, paragraph 122, as modified by GASB 37, paragraph 17.)

Type of goods or services provided by the segment promotion of dairy products.

STATE OF LOUISIANA
DAIRY INDUSTRY PROMOTION BOARD (BTA)
Notes to the Financial Statement
As of and for the year ended June 30, 2003

A. Condensed statement of net assets:

- (1) Total assets – distinguishing between current assets, capital assets, and other assets. Amounts receivable from other funds or BTA's should be reported separately.
- (2) Total liabilities – distinguishing between current and long-term amounts. Amounts payable to other funds or BTA's should be reported separately.
- (3) Total net assets – distinguishing among restricted; unrestricted; and amounts invested in capital assets, net of related debt.

Condensed Statement of Net Assets:

Current assets	\$ 350,801
Due from other funds	
Capital assets	
Other assets	
Current liabilities	54,900
Due to other funds	
Long-term liabilities	
Restricted net assets	
Unrestricted net assets	295,901
Invested in capital assets, net of related debt	

B. Condensed statement of revenues, expenses, and changes in net assets:

- (1) Operating revenues (by major source).
- (2) Operating expenses. Depreciation (including any amortization) should be identified separately.
- (3) Operating income (loss).
- (4) Nonoperating revenues (expenses) – with separate reporting of major revenues and expenses.
- (5) Capital contributions and additions to permanent and term endowments.
- (6) Special and extraordinary items.
- (7) Transfers
- (8) Change in net assets.
- (9) Beginning net assets.
- (10) Ending net assets.

STATE OF LOUISIANA
DAIRY INDUSTRY PROMOTION BOARD (BTA)
Notes to the Financial Statement
As of and for the year ended June 30, 20_03

Condensed Statement of Revenues, Expenses, and Changes in Net Assets:

Operating revenues	\$ 517,707
Operating expenses	562,957
Depreciation and amortization	
Operating income (loss)	(45,250)
Nonoperating revenues (expenses)	11,591
Capital contributions/additions to permanent and term endowments	
Special and extraordinary items	
Transfers in	
Transfers out	
Change in net assets	(33,659)
Beginning net assets	329,560
Ending net assets	295,901

C. Condensed statement of cash flows:

- (1) Net cash provided (used) by:
 - (a) Operating activities
 - (b) Noncapital financing activities
 - (c) Capital and related financing activities
 - (d) Investing activities
- (2) Beginning cash and cash equivalent balances
- (3) Ending cash and cash equivalent balances

Condensed Statement of Cash Flows:

Net cash provided (used) by operating activities	\$ (80,553)
Net cash provided (used) by noncapital financing activities	6,770
Net cash provided (used) by capital and related financing activities	
Net cash provided (used) by investing activities	4,821
Beginning cash and cash equivalent balances	333,536
Ending cash and cash equivalent balances	264,574

Y. DUE TO/DUE FROM AND TRANSFERS

The board has no due to/from and transfers at June 30, 2003.

Z. LIABILITIES PAYABLE FROM RESTRICTED ASSETS

The board has no restricted assets at June 30, 2003.

AA. PRIOR-YEAR RESTATEMENT OF NET ASSETS

The board has no adjustments to the prior year fund balance at June 30, 2003

STATE OF LOUISIANA
DAIRY INDUSTRY PROMOTION BOARD (BTA)
SCHEDULE OF PER DIEM PAID TO BOARD MEMBERS
For the Year Ended June 30, 2003
(Fiscal Close)

<u>Name</u>	<u>Amount</u>
<u>James Rogers</u>	<u>\$ 240.00</u>
<u>Lanny Connerly</u>	<u>120.00</u>
<u>Bryan Mitchell</u>	<u>120.00</u>
<u>Roy Ingraffia</u>	<u>80.00</u>
<u>Eugene Robertson</u>	<u>120.00</u>
<u>Jerry Simpson</u>	<u>120.00</u>
<u>Ed Joiner</u>	<u>40.00</u>
<u>Daniel Lyons</u>	<u>40.00</u>
<u> </u>	<u> </u>
<u> </u>	<u> </u>
<u> </u>	<u> </u>
<u> </u>	<u> </u>
<u> </u>	<u> </u>
	<u>\$ 880.00</u>

OTHER REPORT REQUIRED BY
GOVERNMENT AUDITING STANDARDS

The following pages contain our report on compliance with laws and regulations and on internal control as required by *Government Auditing Standards*, issued by the Comptroller General of the United States. This report is based solely on the audit of the financial statements and includes, where appropriate, any reportable conditions and/or material weaknesses in internal control or compliance matters that would be material to the presented financial statements.



OFFICE OF
LEGISLATIVE AUDITOR
STATE OF LOUISIANA
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August 6, 2003

Report on Compliance and on Internal Control Over Financial
Reporting Based on an Audit of the Basic Financial Statements

LOUISIANA DAIRY INDUSTRY PROMOTION BOARD
DEPARTMENT OF AGRICULTURE AND FORESTRY
STATE OF LOUISIANA
Baton Rouge, Louisiana

We have audited the financial statements of the Louisiana Dairy Industry Promotion Board, a component unit of the State of Louisiana, as of and for the year ended June 30, 2003, and have issued our report thereon dated August 6, 2003. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Louisiana Dairy Industry Promotion Board's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, and contracts, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Louisiana Dairy Industry Promotion Board's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

LEGISLATIVE AUDITOR

**LOUISIANA DAIRY INDUSTRY PROMOTION BOARD
DEPARTMENT OF AGRICULTURE AND FORESTRY
STATE OF LOUISIANA**

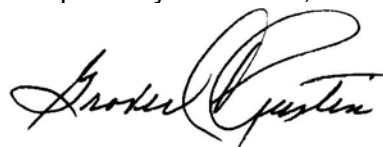
Compliance and Internal Control Report

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This report is intended solely for the information and use of the board and its management and is not intended to be, and should not be, used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Grover C. Austin". The signature is fluid and cursive, with a large, stylized initial "G".

Grover C. Austin, CPA
First Assistant Legislative Auditor

BB:STD:THC:ss

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